

Message Text

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ACTION EB-07

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FM AMEMBASSY BELGRADE

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INFO AMCONSUL ZAGREB

C O N F I D E N T I A L BELGRADE 2413

E.O. 11652: GDS

TAGS: ESTC YO

SUBJ: EXPORT CONTROL PROCEDURES FOR YUGOSLAVIA

REF : BELGRADE 2111, 6084 AND STATE 109330, 86938

SUMMARY: EMBASSY OFFICER MET WITH YUGOSLAV ECONOMIC CHAMBER ASSISTANT SECRETARY DIMOV MAY 6 AND 14 TO REVIEW DIMOV LETTER COMPLAINING ABOUT EXCESSIVE NUMBER OF REQUESTS FOR PRE-LICENSE CHECKS (BELGRADE 2111), AND WAYS TO ASSURE SMOOTHER OVERALL IMPLEMENTATION OF UNDERSTANDING ON NEW EXPORT CONTROL PROCEDURES REACHED DURING INTERAGENCY TEAM VISIT IN DECEMBER, SO AS TO HELP SPEED PROCESSING OF EXPORT LICENSE APPLICATIONS. END SUMMARY.

1. DIMOV EMPHASIZED MAJOR STEPS ECONOMIC CHAMBER HAS TAKEN, DURING HIS ADMINISTRATION, TO IMPLEMENT DECEMBER UNDERSTANDING, AND HE EXPRESSED CONVICTION THAT THESE STEPS "ABSOLUTELY PRECLUDE" ANY FURTHER UNAUTHORIZED DIVERSION OF U.S.-ORIGIN EQUIPMENT.

2. HE SHOWED NEW FORMS WHICH YUGOSLAV ENTERPRISES ARE REQUIRED TO COMPLETE IN CONNECTION WITH EACH APPLICATION FOR END-USE CERTIFICATE. APPLICANT MUST PROVIDE, IN DETAIL, DESCRIPTION OF GOODS (IN BOTH ENGLISH AND SERBO-CROATIAN), QUANTITY, VALUE, IMPORTED, END-USER, PURPOSES FOR WHICH GOODS ARE BEING PROCURED, AND FINAL PRODUCTS FOR WHICH THEY ARE NEEDED. APPLICANTS ARE REQUIRED TO DECLARE IN EACH CASE THAT THEY ARE AWARE THAT RE-EXPORT OF GOODS IS FORBIDDEN, AND THAT THEY ACCEPT ALL RESPONSIBILITY

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IN CASE OF FAILURE TO ACT IN ACCORDANCE WITH OBLIGATIONS THEY HAVE

ASSUMED. (COPY OF FORMS, WITH TRANSLATION, BEING AIRPOUCHED.)

3. DIMOV REITERATED THAT CHAMBER NOW ALSO DEMANDS, IN CONNECTION WITH EACH SHIPMENT, PHOTOSTATS OF DOCUMENTS ISSUED BY YUGOSLAV CUSTOMS AUTHORITIES PROVING THAT GOODS HAVE BEEN IMPORTED, AND A STATEMENT BY EACH END-USER CONFIRMING THAT GOODS HAVE BEEN RECEIVED AND SHALL NOT BE REEXPORTED.

4. ON BASIS OF THESE PROCEDURES, AS WELL AS NEW PROGRAM OF ON-SITE INSPECTION OF IMPORTED ITEMS, AND DETERRENT EFFECT OF HEAVY PENALTIES ALREADY IMPOSED ON SEVERAL VIOLATORS, DIMOV STATED THAT CHAMBER AND HE PERSONALLY FELT SECURE IN AFFIXING SIGNATURE AND SEAL ON END-USE CERTIFICATEES.

5. USG AGENCIES SHOULD CONSIDER THIS SIGNATURE AND SEAL AS OFFICIAL GOY ASSURANCE THAT MATERIAL TO BE IMPORTED IN EACH CASE WILL BE USED IN YUGOSLAVIA, AND WILL NOT BE REEXPORTED, DIMOV STATED.

6. IN LIGHT OF THESE PROCEDURES AND OFFICIAL ASSURANCES, DIMOV URGED THAT DEPARTMENT OF COMMERCE REDUCE GREATLY NUMBER OF PRE-LICENSE REQUESTS, WHICH HE CONSIDERS EXCESSIVE AND BURDENSOME.

7. WE EXPRESSED VIEW THAT CONCISE BUT DEFINITIVE IDENTIFICATION OF END-USER AND END-USE ON EACH END-USE CERTIFICATE ISSUED BY CHAMBER WOULD CONTRIBUTE SIGNIFICANTLY TO REDUCTION IN NUMBERS OF PRE-LICENSE CHECK REQUESTS. WE POINTED OUT SUCH IDENTIFICATION CONSTITUTED PART OF NEW ARRANGEMENTS AGREED IN DECEMBER.

8. DIMOV RESPONDED THAT COMPREHENSIVE INFORMATION ON END-USE AND END-USER FOR EACH TRANSACTION IS ALWAYS ON FILE AT CHAMBER, AND IS AVAILABLE TO EMBASSY AND USG AGENCIES UPON SPECIAL PRE-LICENSE CHECK REQUEST. HE CONCEDED, HOWEVER, THAT SUCH INFORMATION HAS OFTEN BEEN MISSING FROM END-USE CERTIFICATE REGULARLY ISSUED BY CHAMBER. HE GAVE TWO REASONS FOR THIS: (1) END-USE CERTIFICATE IS STANDARDIZED, NOT ONLY FOR UTILIZATION IN CONNECTION WITH SHIPMENTS FROM U.S., BUT ALSO FROM UK, GERMANY, ITALY AND OTHER COUNTRIES. CHANGE IN CERTIFICATE TO PROVIDE MORE INFORMATION WOULD REQUIRE YUGOSLAV GOVERNMENTAL APPROVAL AT SENIOR LEVEL. (2) CHAMBER AND GOY CONSIDER IT INAPPROPRIATE TO INCLUDE COMPREHENSIVE INFORMATION ON END-USER AND END-USE IN A CERTIFICATE WHICH CONFIDENTIAL

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IS MADE AVAILABLE TO AMERICAN COMMERCIAL FIRMS. SUCH INFORMATION, DIMOV CONTENTS, CAN ONLY BE GIVEN ON CONFIDENTIAL BASIS TO US GOVERNMENT AUTHORITIES.

9. EMBASSY OFFICER SUGGESTED (1) THAT, SINCE ALL OR MOST OF REQUIRED INFORMATION ALREADY IN HANDS OF CHAMBER, DIMOV COMPLETE PRE-LICENSE CHECKS ON 36 CASES OUTSTANDING (AS OF MAY 6), AND SUPPLY RESULTS TO US, SO THAT EALY ACTION CAN BE TAKEN ON LICENSE

APPLICATIONS, AND (2) THAT, AT TIME IT PREPARES END-USE CERTIFICATE, CHAMBER HENCEFORTH SUPPLY TO EMBASSY (OR DIRECTLY TO COMMERCE) SIMPLE SEPARATE MEMORANDUM CONTINING BASIC IDENTIFICATION OF END-USER AND END-USE FOR EACH TRANSACTION.

10. DIMOV SUPPLIED RESULTS OF SIX-PRE-LICENSE CHECKS (BELGRADE 2384, 2387, 2388) AND AGREED TO COMPLETE 30 OTHERS WITHIN NEXT FEW DAYS. HE AGREED IN PRINCIPLE TO SUGGESTION CONCERNING SEPARATE MEMORANDUM IDENTIFYING END-USER AND END-USE, BUT ADDED THAT HE WOULD HAVE TO CLEAR SUCH CHANGE IN PROCEDURES WITH SECRETARIATS FOR FOREIGN AFFAIRS AND FOREIGN TRADE. HE SAID HE WOULD INSTITUTE REQUEST FOR SUCH CHANGE IMMEDIATELY AND HOPED TO OBTAIN REACTIONS BY NEXT WEEK.

11. COMMENT : ALTHOUGH PROGRESS ON PRACTICAL IMPLEMENTATION OF DECEMBER ARRANGEMENTS HAS NOT BEEN ENTIRELY SMOOTH, WE CONTINUE TO SEE SOLID EVIDENCE OF DETERMINATION OF YUGOSLAV AUTHORITIES TO DO EVERYTHING NECESSARY TO PREVENT ANY FUTURE UNAUTHORIZED USE OF CONTROLLED EQUIPMENT MANUFACTURED IN U.S. WE STRONGLY URGE THAT THIS POSITIVE ATTITUDE BE REFLECTED ON U.S. SIDE IN MORE RAPID ACTION ON LICENSE APPLICATIONS (ELIMINATING CAUSE FOR NUMEROUS COMPLAINTS WHICH ARE CURRENTLY THREATENING OUR MARKETS HERE FOR AMERICAN ELECTRONIC PRODUCTS) AND IN REDUCED DEMANDS ON OVERBURDENED DIMOV. WE APPRECIATE RECENT FAVORABLE ACTION ON LICENSE APPLICATIONS REPORTED IN STATE 109330, AND ARE HOPEFUL THAT CONSIDERATION OF REMAINING APPLICATIONS CAN BE COMPLETED SOONEST.
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